

# Medicaid Overview

January 17, 2019

Jess Benson, Senior Legislative Analyst

# Overview

- Medicaid is a joint federal and State Program created in 1965 under Title XIX of the federal Social Security Act.
- Medicaid is an entitlement program. This means everyone that meets federal and State criteria for eligibility must be served.
- Medicaid services must be available statewide to all members.
- Medicaid in Iowa is administered by the Iowa Medicaid Enterprise (IME) of the Department of Human Services (DHS).
  - IME consists of 12 different units, and most operational functions are contracted out to private vendors to administer the program.
  - IME contracts with 2 Managed Care Organizations (MCOs) to provide health care and 2 MCOs to provide dental care to the majority of individuals.

# Federal Medical Assistance Percentage (FMAP)

- Medicaid is jointly financed by the State and federal governments.
- The formula used to determine how much the State pays is called the Federal Medical Assistance Percentage (FMAP) rate.
- The formula is based on the per capita income in Iowa compared to the United States per capita income.
- The formula is adjusted annually and contains minimums and maximums so that no state pays for more than 50.0% and the federal government pays no more than 83.0%.
- The Iowa FMAP rate is 59.57% federal and 40.43% State for FY 2019. For FY 2020 the rate changed to 60.88% federal and 39.12% State.

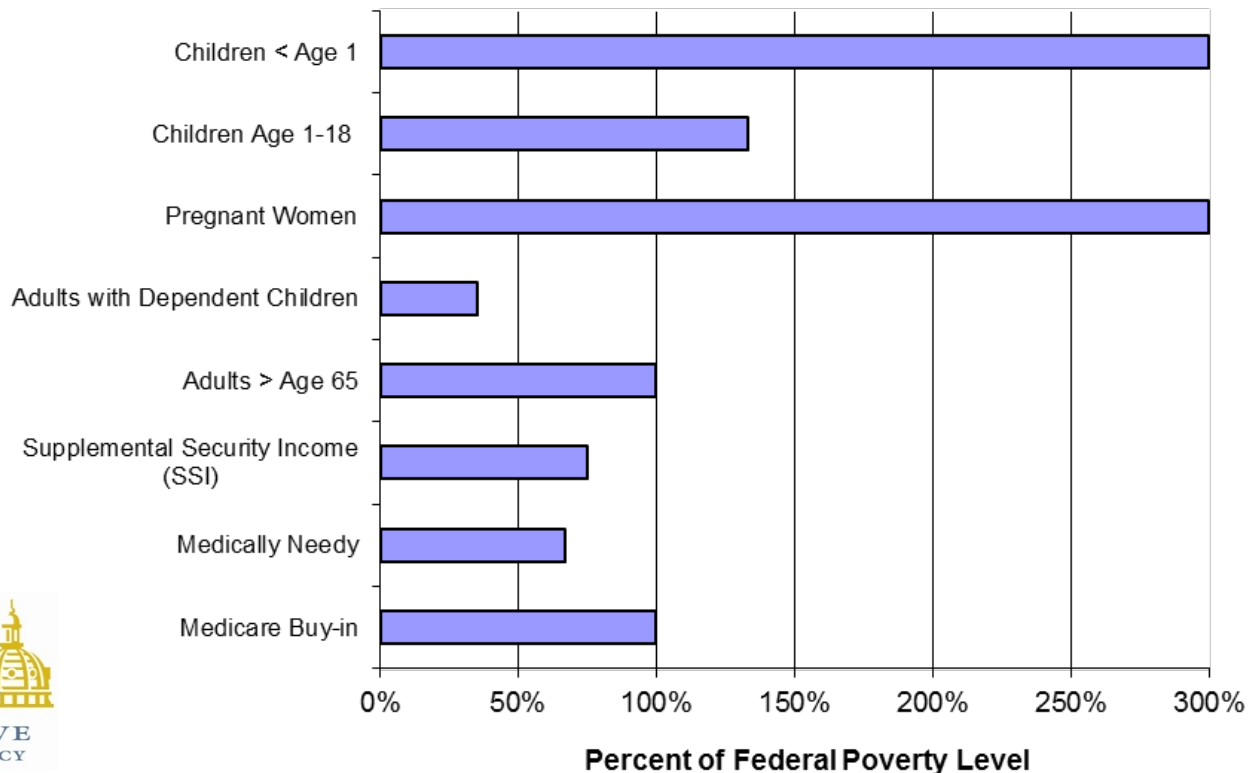
# Eligibility

- To be eligible for Medicaid you must be categorically eligible unless you are participating in the Iowa Health and Wellness Program (Medicaid Expansion).
- This means to be eligible for Medicaid you must fall into a specific category:
  - Children
  - Pregnant women
  - Families with a dependent child
  - Age 65 and over (elderly)
  - Blind
  - Disabled
- To be eligible for Medicaid you must prove citizenship and provide identification.

# Eligibility Chart

To be eligible for Medicaid you must have an income at or below a certain percentage of the Federal Poverty Level (FPL).

- The FPL for a family of four in Calendar Year 2018 is \$25,100.



# Federal Poverty Level — 2018

| Family Size | 25%      | 50%      | 75%      | 100%     | 138%     | 175%     | 200%     | 250%      | 300%      |
|-------------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| 1           | \$3,035  | \$6,070  | \$9,105  | \$12,140 | \$16,753 | \$21,245 | \$24,280 | \$30,350  | \$36,420  |
| 2           | \$4,115  | \$8,230  | \$12,345 | 16,460   | \$22,715 | \$28,805 | \$32,920 | \$41,150  | \$49,380  |
| 3           | \$5,195  | \$10,390 | \$15,585 | 20,780   | \$28,676 | \$36,365 | \$41,560 | \$51,950  | \$62,340  |
| 4           | \$6,275  | \$12,550 | \$18,825 | 25,100   | \$34,638 | \$43,925 | \$50,200 | \$62,750  | \$75,300  |
| 5           | \$4,855  | \$9,710  | \$14,565 | 19,420   | \$26,800 | \$33,985 | \$38,840 | \$48,550  | \$58,260  |
| 6           | \$8,435  | \$16,870 | \$25,305 | 33,740   | \$46,561 | \$59,045 | \$67,480 | \$84,350  | \$101,220 |
| 7           | \$9,515  | \$19,030 | \$28,545 | 38,060   | \$52,523 | \$66,605 | \$76,120 | \$95,150  | \$114,180 |
| 8           | \$10,595 | \$21,190 | \$31,785 | 42,380   | \$58,484 | \$74,165 | \$84,760 | \$105,950 | \$127,140 |

Federal Poverty Level Guidelines are set by the U.S. Census Bureau.

# Fee-For-Service vs. Managed Care

- Prior to April 1, 2016, Iowa Medicaid's health coverage operated mainly under a fee-for-service model.
  - In a fee-for-service model, providers are paid for each service they provide (such as an office visit, blood test, or surgery).
  - IME previously handled over 23.0 million claims per year and contracted with over 38,000 providers.
- Beginning April 1, 2016, coverage of 94.0% of Medicaid members was transferred to the management of two managed care organizations (MCOs).
  - MCOs are insurance companies that have goals of managing cost and utilization and improving quality.

# MCO Capitation Payment

- MCOs contract with the State and accept a set per member per month (capitation) payment for services. This provides the State with more certainty in regard to Medicaid expenditures.
- Example:

Healthy Child – MCO  
receives \$132 per  
month for her care.



Grandma in Nursing  
Home – MCO  
receives \$2,995 per  
month for her care.





# Mandatory Services

Iowa is required by the federal government to provide a minimum set of benefits (mandatory services) in order to receive federal match funds.

These services include:

- Inpatient and outpatient hospital services.
- Physician services.
- Medical and surgical dental services.
- Nursing home care.
- Home health care.
- Family planning services.
- Laboratory and x-ray services.
- Early periodic screen, diagnosis, and treatment services.
- Other services.

# Optional Services

Iowa has also been given the flexibility to provide additional services to members (optional services). Some of the optional services available include:

- Intermediate care facilities.
- Pharmacy.
- Home and Community-Based Services (HCBS) waivers.
- Mental health and substance abuse services.
- Habilitation services.
- Hospice.
- Medical supplies.
- Dentists.
- Case management.
- Ambulance.
- Other services.

# HCBS Waivers

Iowa has seven different HCBS waivers. The seven waivers include:

- **Ill and Handicapped** – Provides services for blind or disabled persons under the age of 65.
- **AIDS-HIV** – Provides services for persons with an AIDS or HIV diagnosis.
- **Elderly** – Provides services for persons at least 65 years of age or older.
- **Intellectual Disabilities** – Provides services to persons with a diagnosis of an intellectual disability.
- **Brain Injury** – Provides services for persons with a brain injury diagnosis due to accident or illness who are between the ages of one month and 65 years.
- **Physical Disability** – Provides services for persons with a physical disability between the ages of 18 and 65.
- **Children's Mental Health** – Provides services for children diagnosed with a serious emotional disturbance.

# HCBS Waivers

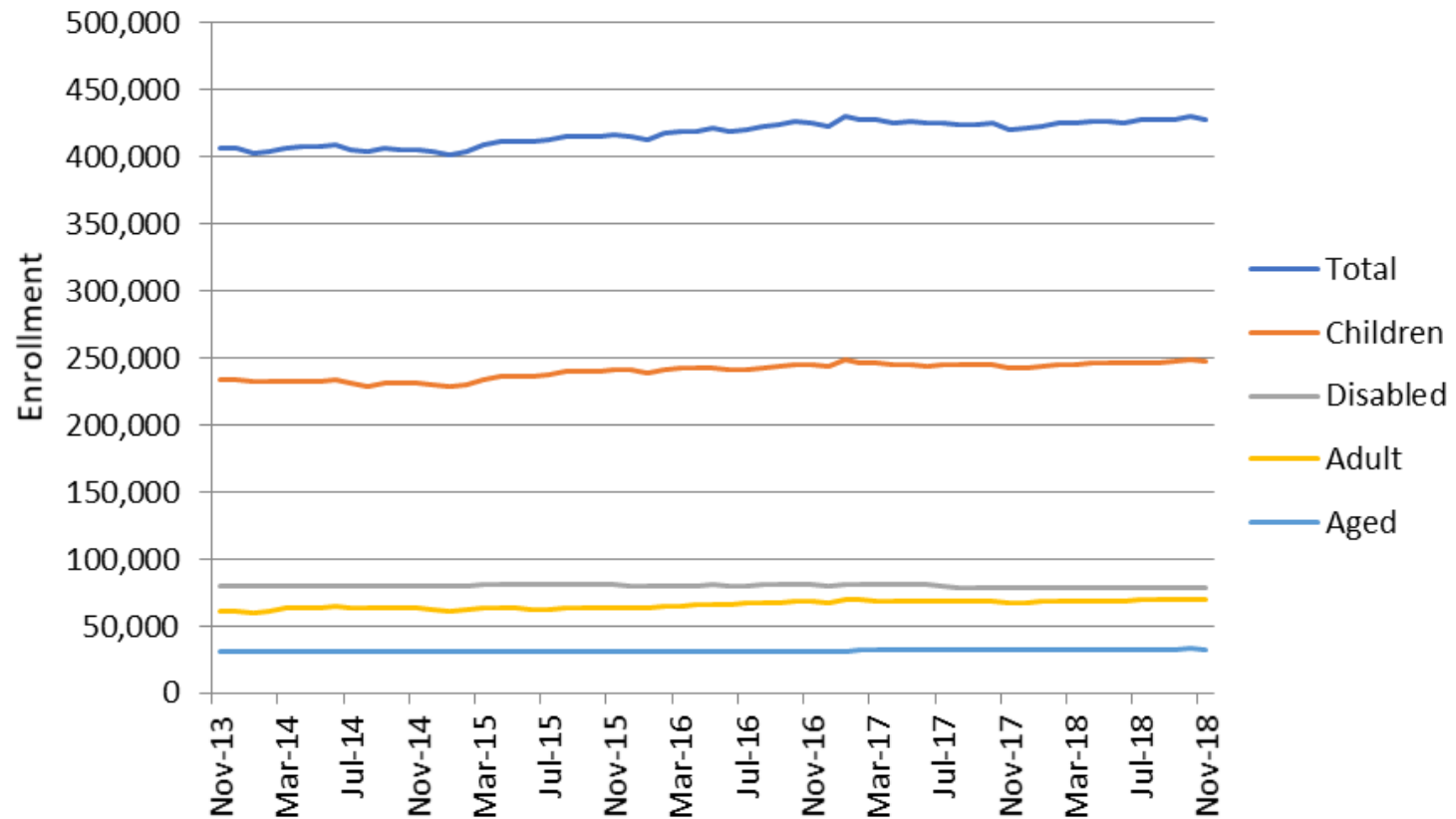
The HCBS waivers provide individuals access to a variety of different services. Although the services provided vary by waiver, some of the more common waiver services include:

- Adult Day Care
- Consumer-Directed Attendant Care
- Counseling Services
- Home and Vehicle Modification
- Home-Delivered Meals
- Home Health Aides
- Personal Emergency Response
- Nutrition Counseling
- Supported Community Living
- Respite
- Transportation
- Consumer Choice Option

# Medicaid Enrollment

- As of November 2018, there were 427,506 individuals enrolled in the Medicaid program in Iowa. This includes:
  - 247,001 children
  - 69,517 adults
  - 32,631 elderly
  - 78,357 disabled
- In FY 2017, Medicaid enrollment increased by 5,320 individuals (1.3%) for a total Program enrollment of 424,261 individuals. In FY 2018, Medicaid growth slowed with an increase of 1,172 individuals (0.3%) for a total Program enrollment of 425,433 individuals. In the first five months of FY 2019, the Program grew by 2,073 individuals (0.5%).

# Five-Year Monthly Medicaid Enrollment



# Iowa Health and Wellness Program

Also known as Medicaid Expansion, this Program was part of the federal Affordable Care Act (ACA).

- Covers adults age 19 through 64 who are between 0.0-133.0% of the Federal Poverty Level, and not otherwise eligible for Medicaid, Medicare, or affordable insurance.
- Members are enrolled with an MCO and have access to the same provider network as the regular Medicaid Program.
- Enrollees are eligible for 12 months with income reverified for eligibility near the end of the 12-month period.
- Coverage equivalent to the State employee health benefits package.
- Medically Frail/Exempt – Will be given the option of enrolling in regular Medicaid or the Iowa Health and Wellness Program.

# Iowa Health and Wellness Program

## Financial Participation

- No co-payments, except \$8.00 for using the emergency room when it is not a medical emergency.
- No monthly contributions or premiums in the first year.
- No contributions after the first year if member completes preventative services and/or wellness activities.
- Monthly contributions only for adults with income at 50.0% of FPL or above if preventative services/wellness activities not completed.



# Iowa Health and Wellness Program Enrollment

- As of November 2018, there were 168,966 individuals enrolled in the Iowa Health and Wellness Program. This includes:
  - 135,731 Wellness Plan
  - 32,454 Marketplace Choice Plan
  - 781 Presumptively Eligible
- In FY 2017, enrollment increased by 1,902 individuals (1.3%) for a total enrollment of 150,790. In FY 2018, enrollment surged with an increase of 14,719 individuals (9.8%) for a total enrollment of 165,509. In the first five months of FY 2019, the Program has grown by 3,457 individuals (2.1%).
- Individuals enrolled in both the Iowa Wellness Plan and the Marketplace Choice Plan may be determined medically exempt by the DHS and provided coverage through the regular Medicaid State Plan if they meet certain requirements. As of October 2018, there were 21,553 medically exempt individuals.

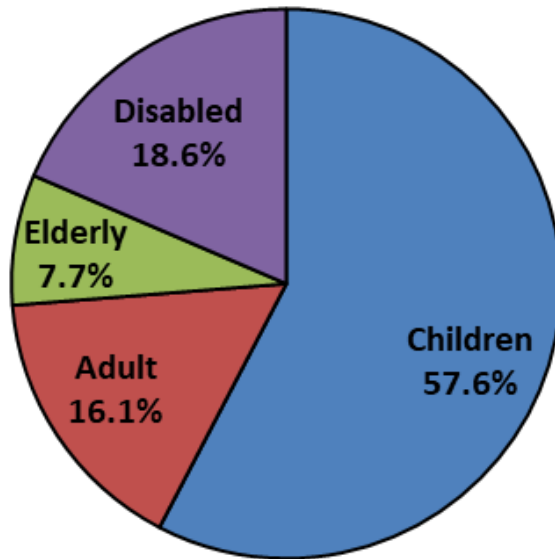
# Expenditures: Medicaid and Iowa Health & Wellness

- Total Medicaid expenditures for FY 2018 were \$4.839 billion. This includes:
  - \$3.077 billion in federal funds.
  - \$1.632 billion in State funds.
  - \$130.6 million in other funds.
- The top expenditure categories in Medicaid:
  - Hospitals
  - Nursing Facilities
  - Intermediate Care Facilities
  - HCBS Waivers
  - Mental Health
  - Physicians

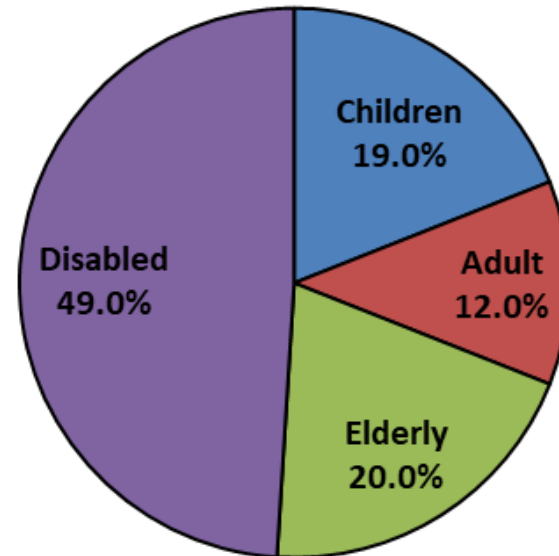
# Enrollment and Expenditures FY 2018

---

**Medicaid Enrollment**



**Medicaid Expenditures**



# What Drives Medicaid Costs?

- Enrollment growth.
- Utilization in services – including trends in the health care system.
- Changes in federal law – including changes in FMAP rate and Medicare Part D payments.
- Changes in State law – including new services, eligibility changes, and provider rate reimbursement changes.

# What are the Legislature's Responsibilities?

- Setting rates – Every year Medicaid provider rates are set in the Health and Human Services Appropriations Bill.
- Deciding the amount, scope, and duration of optional services.
- Setting rules, regulations, and processes not governed by the federal government, such as prior authorization for services or additional provider audits.
- Changing eligibility, premiums or enrollment fees, or imposing more restrictive eligibility procedures except when prohibited due to the Maintenance of Effort (MOE) requirements in the federal ACA or other federal law.

# Medicaid Forecast

The LSA, DHS, and Department of Management (DOM) staff members meet regularly to discuss estimated Medicaid expenditures and agree on an estimated (forecast) need or surplus for the current and upcoming fiscal years. At the December 18, 2018, meeting the group agreed to the following:

- For FY 2019, the group agreed Medicaid will have a supplemental need of \$143.5 million.
- For FY 2020, group agreed Medicaid will have a need of \$80.0 million.

The Medicaid Forecast is available here:

[www.legis.iowa.gov/publications/fiscal/medicaid](http://www.legis.iowa.gov/publications/fiscal/medicaid)

# LSA Medicaid Publications

- Medicaid Budget Unit Brief  
[www.legis.iowa.gov/docs/publications/FT/918324.pdf](http://www.legis.iowa.gov/docs/publications/FT/918324.pdf)
- Medical Contracts Budget Unit Brief  
[www.legis.iowa.gov/docs/publications/FT/918297.pdf](http://www.legis.iowa.gov/docs/publications/FT/918297.pdf)
- Medicaid FMAP Issue Review  
[www.legis.iowa.gov/docs/publications/IR/401788.pdf](http://www.legis.iowa.gov/docs/publications/IR/401788.pdf)